

Total Compensation Advisory Council (TCAC)
May 24, 2002

Members: Alan Boisvert, Patty Goodwin, Kathy Newell, Phil Savage, Maryellen Waggoner

Department of Personnel & Administration: Troy Eid, Ken Allikian, Karen Fassler, Sue Huang, Jan Rothmeyer, Jeff Schutt

Minutes: The April minutes were approved as written.

Mr. Eid congratulated Jeff Schutt for being awarded the Eugene H. Rooney, Jr., National Leadership Award for 2002 by the National Association of State Personnel Executives. He also congratulated the Risk Management unit for being awarded "Best Innovative State HR Management Program" for their repetitive motion injury program that saved about 29% in risk management costs.

Mr. Eid mentioned that it was a relatively good year for state employees legislatively, despite the over \$1 billion budget shortfall. There's no delay in the salary survey and pay for performance will be fully implemented, although the pot of funds was reduced to about 60%. Mr. Eid also pointed out that the performance pay pot was reduced to help with other budgetary needs, the challenge will be to not have any more taken from the pot. The department's challenge next year is to advocate full funding for pay for performance.

The state received a 4% increase on the health, life and dental insurance. It was explained that this 4% keeps the current 2002 state contribution at the 2002 level for calendar year 2003. Without this 4%, the state contribution would have reduced back to the 2002 level for calendar year 2003. Mr. Eid pointed out that if the state provided insurance contributions that are comparable to what the survey recommends, it would have to be substantially higher than the 8% that the Governor requested. There is about a \$16 million gap, between what the state is contributing and what is required to get the state's contribution to a prevailing level.

The drive toward total compensation is key to what the state is trying to achieve. The legislature has chronically under-funded state benefits. The statute and staff currently looks at it as a total picture. In order to provide state employees what they need and continue to advocate toward total compensation, while recognizing the turnover that's going to occur in the workforce, it creates an historic opportunity to look at personnel reform in a way that hasn't been looked at before. By moving toward total compensation and closing the contribution gap the state currently has, maybe total compensation would not be under-funded.

Proposed Annual Total Compensation Survey Procedures:

Ms. Huang reviewed the proposed procedures for the 2003 total compensation survey with the group. The review included the following highlights.

- The statutory requirement of a third-party total compensation survey.
- Salary impact of a third-party survey on 33,000 classified employees, and benefit impact on 38,375 eligible employees.
- Components included in the survey are salary, benefits, paid leave, premium pay, pension, and miscellaneous benefits.
- Third-party survey process includes discussion of the survey procedure proposal with the TCAC, publication of the proposal, selection of third-party surveys, matching of market jobs, and any direct surveys by the Department.
- Meet and confer meetings regarding the proposed procedures will be held on June 5th at the Colorado Department of Transportation. Comments about the proposed procedures are to be received no later than June 14th.
- Labor market is selected primarily from the Denver/Boulder metro and front-range areas since most of the state employees work in these areas;
- Current aging technique in projecting the survey data to July 1, 2003, will be continued. Ms. Goodwin confirmed that this is a similar technique applied by the private sector in assuring that all survey rates have the same effective date.
- The Department historically analyzes individual state jobs, in addition to the occupational group survey recommendations. Ms. Goodwin noted that companies in general would only examine a few positions periodically because it is a time consuming and complex task. In the past, some state classes, e.g., professional engineering have received higher individual class salary adjustments, and engineering technicians received no adjustment, based on the individual class analyses.
- Benefit surveys will include the comparison of the contribution dollars from the employers for retirement benefits, (Social Security plus employers paid deferred compensation match will be used).
- Two sets of benefit recommendations will be reported: one based on the prevailing market contribution levels; and the other based on adjusting the state's current contribution dollar amounts by the Denver/Boulder/Greeley Consumer Price Index (CPI).
- The direct survey currently being conducted by the Department will provide supplemental information regarding shift differential, callback, on-call, short-term disability (STD), and long-term disability (LTD).
- Paid leave will examine practices in annual leave, sick leave, holiday, etc.;
- August 1, the Department will submit the total compensation survey report to the Governor and the JBC.
- A survey audit will be conducted in the spring of 2003.

There was discussion about the potential impact of performance pay (payout implemented on July 1, 2002) and current wider pay ranges (relative to the past 34% pay range width) on employees' pay progression within their pay range. Mr. Savage raised the issue of the difference between the past step system and the current performance pay system regarding pay movement within a pay range. It was

suggested that the Department communicate to employees clearly to minimize distrust from employees.

The Total Compensation Advisory Council election is to begin Tuesday, May 28th. Voting can be done through June 14th. There are currently five candidates running for the one vacant position.

Tentative Agenda for June 28, 2002

Insurance